of 1% and to camouflage the purpose of cornering the shares of individuals/groups.

As regards the protection to shareholders, Securities Exchange Board of India (SEBI) has already issued guidelines in regard to substantial acquisition of shares of companies listed on stock exchanges by any person a corporate entity or otherwise.

Ban on Chit Fund Companies

966. SHRI B. K HARIPRASAD : Will the Ministry of FINANCE be pleased to state :

(a) whether it is a fact that there has been persistent complaints about Chit Fund Companies from West Bengal during unwary villagers in Jammu and Kashmir area ;

(b) whether Chit Fund companies are governed by the guidlines of RBI and registered with Registrar of Companies at the respective places and if so, whether the RBI has taken cognizance of such offecnces by the Chit Fund companies;

(c) whether the Ministry of Finance was asked, as early as in March, 1992. to look into such unlawful practices by the Chit Fund companies, especially in J & K and what action the Ministry had initiated to protect the interests of small investors; and

(d) whether Government are aware that several decrees against the Chit Fund companies namely Favourite Small Investment Co. and 'Janapriya Finance Investment Co. for refund of deposits, still remain unexecuted and whether Government would seriously consider banning such companies from operating and further to dupe the gullible public?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY) : (a) Reserve Bank of India (RBI) has reported that it has not received any complaint that Chit Fund Companies, operating in West Bengal, have duped unwary villagers in Jammu & Kashmir (J & K). However, some Residuary Non-Banking Companies (RNBCs), which generally collect deposits under schemes akin to recurring deposit schemes of banks, are reported to have collected deposits from people in J & K.

(b) RBI has reported that Chit Fund Act 1982 (No. 40 of 82) has been extended to 20 States/Union Territories. In these States/Union Territories, apart from getting themselves registered under the Companies Act, 1956, the companies are also required to get previous sanction of the State Government before conducting a chit. RBI has further reported that deposit taking activities of the Chit Fund Companies are regulated under the Directions issued by RBI known as Miscellaneous Non-Banking Companies (Reserve Bank) Directions, 1977. During the course of inspection of a company, if any violation of the Directions is noticed, RBI takes suitable action against the concerned company.

(c) RBI has intimated that certain amendments to Reserve Bank of India Act are under its consideration. The amendments include powers to RBI to adjudicate disputes relating to repayment of deposits and imposition of heavy penalty on the defaultiug companies.

(d)RBI has intimated that it has no information about the number of decrees against Chit Fund Companies. However, RBI has intimated that as Favourite Small Investmen t Ltd. and Janpriya Finance & Industrial Investment (India), Lt Calcutta, two RNBCs had failed

comply with the Directions of RB to RNBCs, RBI has prohibited them from accepting deposits. RBI has also issues similar orders on those RNBCs which had failed to comply with the important provisions of the Direc-rions.

Working of Private Banks

967. SHRI SURESH KALMADI : Will the Minister of FINANCE be pleased to state :

(a) whether it is a fact that private sector banks in the country are facing problems due to lack of transparency and professionalism, small capital size, had supervisory system etc. ; and

(b) if so, whether Government propose to issue fresh norms for the working of private banks ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY) : (a) Reserve Bank of India (RBI) has reported that functioning of most of the private sector banks is satisfactory. However, some banks have some operational/supervisory problems. RBI has further reported that the financial position of most of the banks in the private sector is good/ satisfactory.

(b) RBI has reported that the guidelines issued by it from time to time and close monitoring of the banks are considered adequate and issuance of fresh norms for the working of the private sector banks is not considered necessary for the present.

Mounting up of inflation

968. SHRI RAM JETHMALANI :
SHRI GURUDAS DAS GUPTA :
SHRI CHATURANAN MISHRA :
SHRI CHIMANBHAI MEHTA :
SHRIMATI MIRA DAS:

Will the Minister of FINANCE be pleased to state :

(a) what are the reasons for mounting up of inflation;

(b) whether it is a fact that fiscal indiscipline is the main reason for current inflation spiral;

(c) whether it is a fact that the rate of inflation in 1981-90 was approximately 7% per annum;

(d) if so, why the rate of inflation rate is more than 50% higher as compared to last decade;

(d) whether Government would bring down the inflation rate as promised by the Government officials immediately after the announcement of the current budget;

(f) if so, the details thereof; and

(g) if not, the reasons therefore ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKARA MURTHY) : (a) and (b) The shortfall in the domestic production of sugar, groundnut, and cotton last year, large increases in minimum support prices cotinuing for the last three years and the consequent rise in the issue price for PDS generated some uptrend early this year. However, of late the effect of relatively larger monetary